

# The Corporation Trust Company Journal

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**The Corporation Trust Co.**

## SYSTEM

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**THE RAILROAD BILL**, which has been the subject of much attention during its passage through Congress, was approved by the President on June 18th. The bill provides for the establishment of a commerce court to hold its regular sessions at Washington, but with power to hold sessions in different parts of the United States as may be found desirable. The court shall be composed of five judges, to be designated and assigned thereto from among the circuit judges of the United States. It will have the jurisdiction now possessed by circuit courts of the United States and the judges thereof in all cases of the following kinds:

"*First.* All cases for the enforcement, otherwise than by adjudication and collection of a forfeiture or penalty or by infliction of criminal punishment, of any order of the Interstate Commerce Commission other than for the payment of money.

"*Second.* Cases brought to enjoin, set aside, annul, or suspend in whole or in part any order of the Interstate Commerce Commission.

"*Third.* Such cases as by section three of the act entitled 'An act to further regulate commerce with foreign nations and among the States,' approved February nineteenth, nineteen hundred and three, are authorized to be maintained in a circuit court of the United States.

"*Fourth.* All such mandamus proceedings as under the provisions of section twenty or section twenty-three of the act entitled 'An act to regulate commerce,' approved February fourth, eighteen hundred and eighty-seven, as amended, are authorized to be maintained in a circuit court of the United States."

The jurisdiction of the commerce court over cases of the foregoing classes shall be exclusive, but shall not be greater than the jurisdiction now possessed by the circuit courts of the United States. The final judgment or decree of the commerce court may be reviewed by the Supreme Court of the United States upon appeal taken within sixty days after entry of the final judgment or decree. Such appeal, however, will not supersede or stay the judgment or decree of the commerce court unless the Supreme Court or a justice of that court so directs. Appeals to the Supreme Court from interlocutory orders or decrees of the commerce court granting or continuing an injunction restraining the enforcement of an order of the Interstate Commerce Commission may be taken within thirty days from the entry of such order or decree. Appeals to the Supreme Court are given priority in hearing and determination over all other cases except criminal cases in that court.

**AN AGENT IN THE CITY OF WASHINGTON FOR SERVICE OF PROCESS** must be appointed in writing within sixty days after taking effect of the act. Such agent shall accept service of all notices and processes for and on behalf of said common carrier, which may be made in any proceeding or suit pending before the Interstate Commerce Commission or before the commerce court. Upon failure to appoint such an agent service of any notice or other process in any

proceedings before the Interstate Commerce Commission or commerce court may be made by posting such notice or process in the office of the secretary of the Interstate Commerce Commission.

**HIGHER RAILROAD RATES ARE NECESSARY** to improve general business conditions, according to Mr. T. A. Griffin, president of the Griffin Wheel Company, one of the largest equipment makers in this country. In a recent interview with one of our representatives Mr. Griffin stated in part: "No matter how objectionable an advance in freight rates may be to business men personally, we must recognize that an improvement in general business is dependent upon a betterment of operating and financial conditions of railroads. That operating results are unsatisfactory is readily seen by the last Interstate Commerce Commission reports, which show that for nine months ended April 1st, eleven railroads all west and north of a line drawn from Chicago to St. Louis increased their gross earnings about \$50,000,000, while their net earnings decreased \$3,500,000. These roads, covering the most prosperous part of the country, may be considered representative of general railroad conditions. These railroads had their taxes increased over the previous year \$2,500,000, or 14 per cent, and have to pay higher rates of interest on their loans. During this period, however, there was not any general increase in wages, but from now on such increases will greatly add to the operating cost. During the past three years of poor business, expenses for maintenance were necessarily kept at the lowest point, and consequently their motive power, equipment and tracks now demand an increased expenditure. This situation means a greatly increased operating cost and a consequent decrease in net earnings."

**"TRANSPORTATION IS THE BACKBONE OF BUSINESS** and its weakness or inefficiency cripples every other condition, because all products are valuable in the ratio of their accessibility to the consuming market. General business conditions cannot improve so long as railroads cannot handle the business offered with any degree of satisfaction. The railroads need \$2,000,000,000 to put their lines in proper condition and to increase their terminal facilities and \$1,000,000,000 more for new motive power and equipment. To obtain this capital railroad securities must be made to appeal to the investor, and this cannot be done without increasing dividends. Such increase in dividends must necessitate increased earnings from advanced rates. The average dividend rate on railroads has been less than  $3\frac{1}{2}$  per cent for the past six years, while the United States Supreme Court has stated that 6 per cent is a fair return on money invested in public utilities. The average freight rate in 1909 was  $\frac{3}{4}$  of a cent per ton per mile, the lowest in nine years; and the average passenger rate was 1.9 cents per mile, the lowest ever reached. Low freight rates and high operating expenses produce low dividends and unattractive securities. An inability to interest investors in railroads, cripples our means of transportation, increases the prices of all commodities through lack of supply, and results in a general business depression. Every kind of business is dependent in some measure on railroad prosperity."

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## COMMON CARRIERS ENGAGED IN INTERSTATE OR FOREIGN COMMERCE

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Corporations of the above classes engaged in interstate or foreign commerce are required by the terms of the new railroad law to appoint an agent in the City of Washington upon whom process may be served in cases pending before the Commerce Court established by this law or the Interstate Commerce Commission.

We are prepared to furnish such agent and will promptly and systematically notify our clients of all notices and process served upon them through such agent.

We will also advise them of all matters affecting their interests before the Commission or the Commerce Court and secure such special information as they may desire from time to time. The service will be prompt, accurate and comprehensive. For further information address

**The Corporation Trust Company,**  
37 Wall Street,  
New York.

